ANNUAL REPORT



CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

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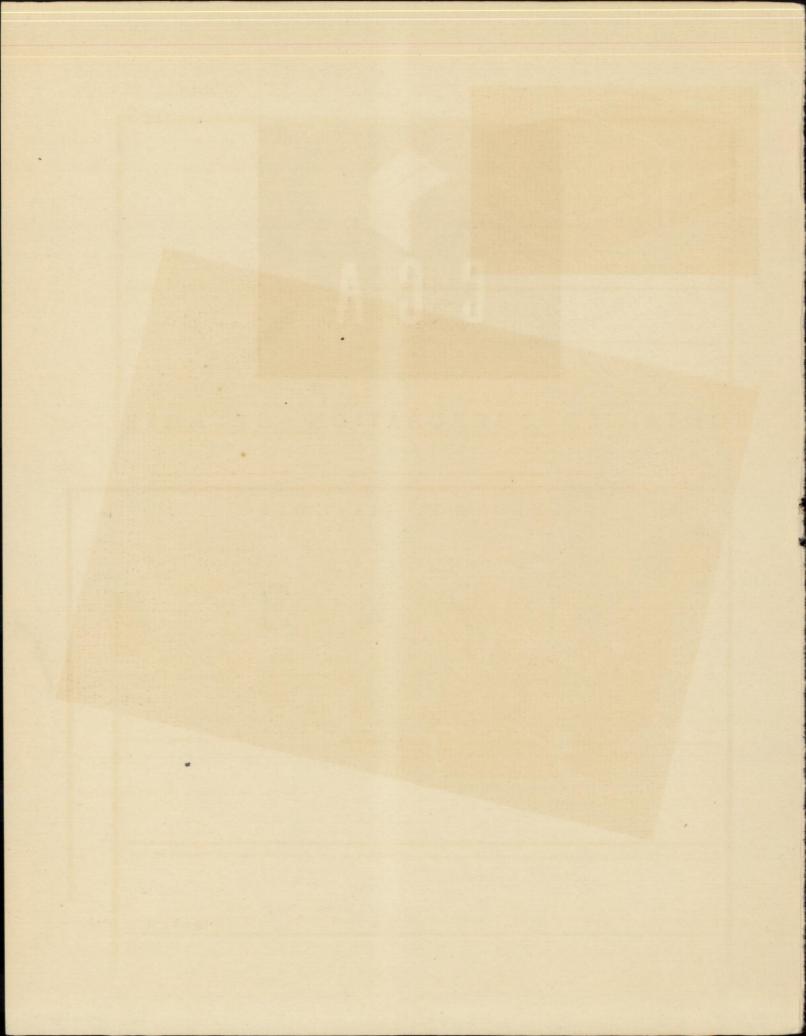
FISCAL YEAR ENDED DECEMBER THIRTY-FIRST

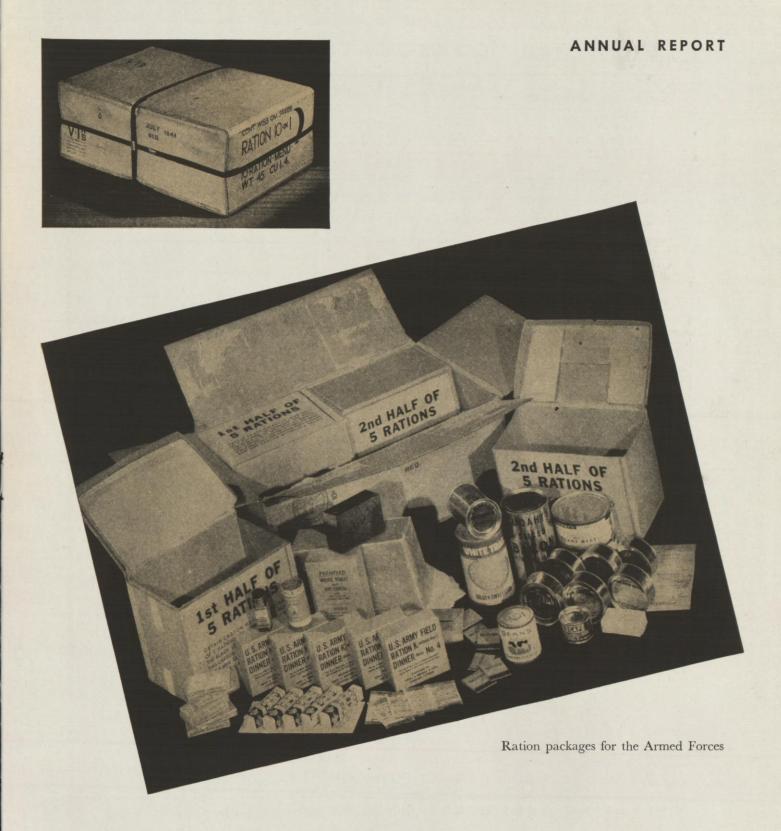
BOARDS

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CORPORATION OF AMERICA CONTAINER

MILLS CARTHAGE, INDIANA CHICAGO, ILLINOIS CINCINNATI, OHIO (leased) CIRCLEVILLE, OHIO FERNANDINA, FLORIDA PHILADELPHIA, PENNSYLVANIA WABASH, INDIANA

FACTORIES ANDERSON, INDIANA

BALTIMORE, MARYLAND (leased)

CHICAGO, ILLINOIS

CLEVELAND, OHIO (leased)

WILMINGTON, DELAWARE

CINCINNATI, OHIO

FORT WORTH, TEXAS (leased)

NATICK, MASSACHUSETTS

PHILADELPHIA, PENNSYLVANIA

ROCK ISLAND, ILLINOIS (leased)

BRANCH AND SALES OFFICES

ANDERSON, INDIANA

BALTIMORE, MARYLAND

CHICAGO, ILLINOIS

CINCINNATI, OHIO

CLEVELAND, OHIO

DALLAS, TEXAS

DETROIT, MICHIGAN

FORT WORTH, TEXAS

Indianapolis, Indiana

MINNEAPOLIS, MINNESOTA

NATICK, MASSACHUSETTS

NEW YORK, NEW YORK

PEORIA, ILLINOIS

PHILADELPHIA, PENNSYLVANIA

ROCHESTER, NEW YORK

ROCK ISLAND, ILLINOIS

ST. LOUIS, MISSOURI

WABASH, INDIANA

WASHINGTON, D. C.

OPERATING SUBSIDIARY PIONEER PAPER STOCK COMPANY

Plants (all leased) located at

CHICAGO, ILL., DETROIT, MICH.,

KALAMAZOO, MICH., PHILADELPHIA, PA.

AFFILIATED COMPANY SEFTON FIBRE CAN COMPANY, St. Louis, Mo.

111 WEST WASHINGTON STREET, CHICAGO

DIRECTORS WILLIAM R. BASSET, New York, New York J. J. Brossard, Washington, D. C. HENRY B. CLARK, San Diego, California Wesley M. Dixon, Chicago, Illinois JOHN L. DOLE, Chicago, Illinois GEORGE DEB. GREENE, New York, New York WILLIAM P. JEFFERY, New York, New York WALTER P. PAEPCKE, Chicago, Illinois J. V. SPACHNER, Chicago, Illinois

EXECUTIVE COMMITTEE WILLIAM R. BASSET

WILLIAM P. JEFFERY WALTER P. PAEPCKE

OFFICERS President, WALTER P. PAEPCKE Vice President, J. J. Brossard Vice President, Wesley M. Dixon Vice President, IRA C. KELLER Vice President, J. V. SPACHNER Treasurer—Comptroller, H. C. BAUMGARTNER Secretary, E. A. WAGONSELLER Assistant Treasurer, CHRIST MADSEN Assistant Treasurer, ARTHUR PAPKE Assistant Secretary, L. A. Combs Assistant Secretary, H. J. GREVEN Assistant Comptroller, EDWARD J. STOUT Assistant Comptroller, C. M. Blumenschein

TRANSFER AGENTS CONTAINER CORPORATION OF AMERICA, Chicago, Illinois CITY BANK FARMERS TRUST COMPANY, New York, New York

> REGISTRARS CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, Chicago, Illinois THE NEW YORK TRUST COMPANY, New York, New York



HONOR ROLL

1943

COMPANY EMPLOYEES IN THE SERVICES

UNITED STATES	ARMY***	 	1	042
UNITED STATES	NAVY*	 		270
MERCHANT MA	RINE	 		3
UNITED STATES	MARINE CORPS	 		48
UNITED STATES	AIR FORCES***.	 		128
UNITED STATES	COAST GUARD	 		38
WACS AND WA	VES	 		13
			1:	542

*LOST OR MISSING IN ACTION 7

CONTAINER CORPORATION OF AMERICA CHICAGO, ILLINOIS, MARCH 2, 1944

TO THE STOCKHOLDERS OF CONTAINER CORPORATION OF AMERICA

We submit herewith the Annual Report of Container Corporation of America for the year ended December 31, 1943, including the Auditors' Certificate, a Consolidated Balance Sheet, and Summaries of Consolidated Profit and Loss and Surplus Accounts. In compliance with Security and Exchange Commission proxy rules, advice is hereby given that proxies for the annual stockholders meeting will be requested within a few days. It is expected that the proxy statement will be mailed to stockholders on March 7, 1944.

FINANCIAL REVIEW

PROFIT AND LOSS. Consolidated net profit for 1943 after appropriating \$700,000 for a war and postwar reserve amounted to \$2,184,054 compared with \$2,401,748 for 1942, equivalent to \$2.80 and \$3.07 per share respectively on each of the 781,253 outstanding shares of capital stock.

Quarterly earnings per share were:

1st Quarter	 . \$.48
2nd Quarter	 58
3rd Quarter	
4th Quarter	 . 1.06*
	\$2.80

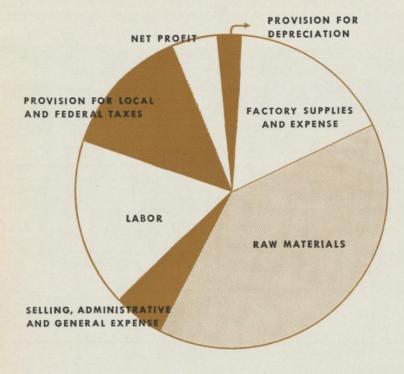
^{*}After adding year end adjustments representing \$.33 per share.

These respective earnings are net after administrative charges, interest, and provision for depreciation, bad and doubtful accounts, local and Federal taxes including excess profits taxes. It should be noted, however, that there was no war and postwar reserve appropriation in 1942; therefore net profits, on a comparable basis, were \$2,884,054 for 1943 vs. \$2,401,748 for 1942 or \$3.69 vs. \$3.07 per share. A comparative summary of operating results for the last three years follows:

	1943	1942	1941
Net sales	\$61,163,685 46,206,565	\$49,533,239 36,668,926	\$46,714,221 35,548,267
Gross profit (exclusive of depreciation) Provision for depreciation (includes depletion of \$38,965	\$14,957,120	\$12,864,313	\$11,165,954
for 1943, \$27,176 for 1942 and \$12,099 for 1941)	1,421,460	1,411,499	1,307,975
Gross profit from operations	\$13,535,660	\$11,452,814	\$ 9,857,979
debts)	3,412,501	3,016,086	2,953,587
Profit from operations (exclusive of bad debts)	\$10,123,159	\$ 8,436,728	\$ 6,904,392
Other charges: Provision for bad debts, less recoveries Loss on capital assets retired or reduced to estimated realiz-	\$ -	\$ —	\$ 45,596
able values	38,108	3,102	235,921
	\$ 38,108	\$ 3,102	\$ 281,517
	\$10,161,267	\$ 8,439,830	\$ 6,622,875
Other income: Purchase discounts, interest earned, etc	222,787	178,550	211,838
Profit before interest and Federal income taxes	\$10,384,054	\$ 8,618,380	\$ 6,834,713
Interest charges, etc.: Interest on term bank loans		\$ 34,136 2,496 \$ 36,632	\$ 90,140 2,396 \$ 92,536
Profit before Federal income taxes	9,000,000		- 3 ,00
	\$10,384,054	\$ 8,581,748	\$ 6,742,177
Provision for Federal income taxes: Declared value excess profits taxes Normal taxes Excess profits taxes	\$ 100,000 740,000 6,660,000*	\$ — 733,000 5,447,000*	\$ — 1,187,000 3,228,000
	\$ 7,500,000	\$ 6,180,000	\$ 4,415,000
Net profit for year	\$ 2,884,054	\$ 2,401,748	\$ 2,327,177
Appropriation for war and postwar reserve	700,000		
Balance carried to earned surplus			
*Not after deduction of \$7.10 and in 10.10 and \$601 and posturer refund in 1			

^{*}Net after deduction of \$740,000 in 1943 and \$601,000 postwar refund in 1942. Note—Italics denote red figures.

Depreciation was again provided at the same rates used in the preceding year and resulted in depreciation charges against operations of \$1,382,495. This was the gross amount added to the depreciation reserve account. The accumulated depreciation on those assets



which were either sold or retired during the year amounted to \$78,204 and was deducted from this account. Accordingly, the net increase in the depreciation reserve for the year was \$1,304,291.

Profit on capital assets sold or retired aggregated \$38,108; this was included in the year's profit and loss account.

Expenditures of \$2,838,817 were made for the repair and maintenance of buildings, machinery and equipment, and this was all charged against operating costs. In recent years repair and maintenance expense has been higher than formerly, first because of additional properties, secondly the

high rate of operations of all properties, and finally the higher unit cost of materials and labor for all repair and maintenance purposes.

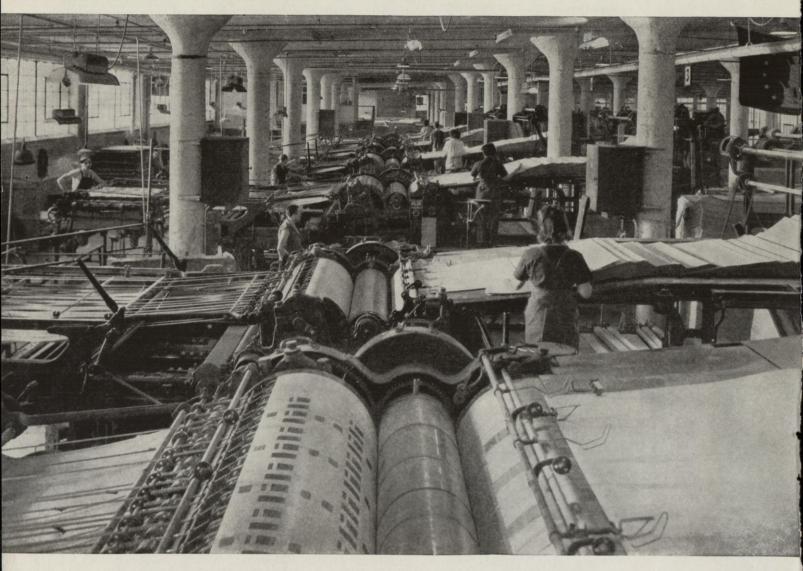
Provision for Federal income and excess profits taxes after postwar credit was estimated at \$7,500,000 or \$9.60 a share of outstanding stock. For the determination of excess profits tax both the parent Company and the consolidated subsidiary, Pioneer Paper Stock Company, used the average earnings basis. As mentioned in the financial statements, a claim for refund of excess profits taxes for prior years has been filed under Section 722 of the Internal Revenue Code.

The relative proportion of net sales accounted for by net profit, depreciation, factory supplies and expense, raw materials, labor, selling, administrative and general expense, and local and Federal taxes is set forth in the appended diagram and table. Net profit earned in 1943 was 9.6% on the average capital (capital stock and surplus) employed during the year.

	1943		1942		
Net sales	\$61,163,685	100.00%	\$49,533,239	100.00%	
Raw Materials	\$24,722,828	40.42%	\$19,517,825	39.40%	
Factory supplies and expense	10,272,945	16.80	8,378,892	16.92	
Labor	10,565,946	17.27	8,213,519	16.58	
*Selling, administrative and general expense	2,939,581	4.81	2,655,772	5.36	
Provision for depreciation (includes depletion of					
\$38,965 for 1943 and \$27,176 for 1942)	1,421,460	2.32	1,411,499	2.85	
Provision for local and Federal taxes	8,356,871	13.66	6,953,984	14.04	
Net profit	2,884,054**	4.72	2,401,748	4.85	

^{*}Includes other income and charges.

^{**}Before appropriation of \$700,000 for war and postwar reserve.



Battery of two-color Miehle presses in the Manayunk carton plant in Philadelphia, which is one of the large processing departments in the industry.

Carton with corrugated pads. Formerly, wooden containers were considered indispensable for chalk.



WORKING CAPITAL. Changes in working capital were as follows:

	December 31		
	1943	1942	Increase or Decrease (d)
CURRENT ASSETS: Cash in banks and on hand U. S. treasury notes and war bonds Accounts and notes receivable from customers, less reserves Notes receivable (secured by property sold) Other receivables Inventories	\$1,649,835 447,061 2,852,480 — 61,001 3,481,416	\$1,216,063 285,870 2,236,244 125,000 19,367 3,199,667	\$ 433,772 161,191 616,236 125,000 (d) 41,634 281,749
Total current assets	\$8,491,793	\$7,082,211	\$1,409,582
CURRENT LIABILITIES:			
Accounts payable	\$ 849,217 598,057 512,385 —* 146,145	\$1,154,353 505,436 437,440 -* 106,105	\$ 305,136 (d) 92,621 74,945 — 40,040
Total current liabilities	\$2,105,804	\$2,203,334	\$ 97,530 (d)
Net working capital	\$6,385,989	\$4,878,877	\$1,507,112
Current ratio	4.03 to 1	3.21 to 1	
*Provision for Federal income taxes	\$9,068,820	\$6,878,426	
Less: Treasury notes—tax series	9,068,820	6,878,426	





New Dacca-Vapo-Pak for frozen foods, designed for home and locker plant use.

During the year working capital increased \$1,507,112. Because of the increase in total volume of business done and in price levels there were increases in receivables and inventories. Receivables at the year end represented about sixteen days of sales.

You will note that your Company has on hand \$9,068,820 of Treasury Notes, Tax Series C, which is sufficient to provide for Federal income and excess profits tax liabilities. In addition there were on hand as at the close of the year \$447,061 of Treasury Notes and War Bonds.

The sources of funds and their disposition is set forth in the following application of funds statement:

Funds provided from the following sources. Profit for year	\$1,382,495 38,965 700,000	\$2,184,054	
Less profit on capital assets retired	\$2,121,460 38,108	2,083,352	\$4,267,406
Net decrease in other receivables and investments Proceeds from sale of property			58,990 66,841 \$4,393,237
Which were expended or accounted for as follows: Dividends paid			\$1,171,879 1,507,112
Refund on account of 1943 excess profits tax Less amount of 1942 refund applicable to renegotiation settlement for that year		\$ 740,000 40,166	699,834
Renegotiation settlement for year 1942 Net increase in deferred charges Additions to plant and equipment			108,192 163,743 742,477 \$4,393,237

Incoming funds were expended principally for the following:

1. Dividends of \$1.50 a share, or \$1,171,879, were paid.

2. Capital expenditures of \$742,477 were made for the further improvement of, and additions to property. During the year an option was exercised for the purchase of the two-machine paper mill, and land and buildings at Wilmington, Delaware. This investment amounted to \$221,597. The Wilmington mill had been under lease since May 1939.

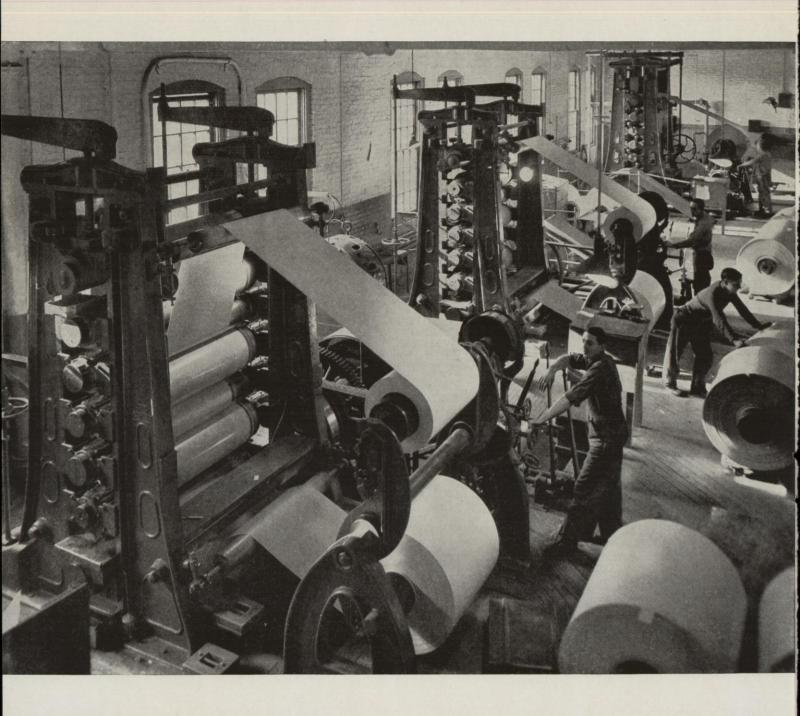
3. Increase in working capital of \$1,507,112.

A comparison of balance sheets, summary of profit and loss accounts, record of dividends, and interest on formerly existing funded debt, book value of capital stock, and earnings per share on the outstanding stock, appear in a twelve-year comparison on Pages 20 to 23.

CAPITALIZATION. There was no change in the number of shares of outstanding capital stock, which remained at 781,253 shares. At the close of the year the Company had 8,595 stockholders of record, which represented 8,271 individual holders and 324 holders



The new laboratory at 10 North Clark Street, Chicago. Here Dr. Robert A. Diehm, technical director, and staff supervise fundamental research for the Company



Super calendar stacks at Wabash, Indiana, where clay-coated board is finished for delivery to carton plants.

who were either brokers or companies. Consequently there were probably a very much larger number of individual holders than the figures indicate, but it is impossible to estimate accurately how many individual holdings are represented by brokers. The largest individual holder owned less than 5% of the outstanding shares. Approximately 50% of the outstanding shares were held by shareholders who owned from 1 to 200 shares each.

SURPLUS. The year's profit of \$2,184,054 was credited and dividend payments of \$1,171,879 were charged against earned surplus. The net addition to earned surplus from profits for the year 1943 was \$1,012,175. However, a charge of \$108,192 was made against this account for renegotiation of contracts applicable to the year of 1942. Earned surplus at the year end was \$6,941,863.

OPERATIONS

The following tabulation indicates the number of tons of paperboard and pulp produced in the paper and pulp mills of your Company and also the number of tons of finished product shipped by its mills and box factories to customers.

	Tons Produced in Mills	Tons Finished Product Shipped
1934	300,424	312,830
1935	373,399	382,381
1936	428,627	441,086
1937	391,270	390,496
1938	346,616	361,820
1939	432,848	462,385
1940	461,815	504,507
1941	546,002	627,292
1942	508,423	575,856
1943	537,076	598,918

Again a substantial tonnage of paperboard was fabricated and shipped by your Company's box and container factories which was not produced by your Company's mills but purchased from outside sources. This accounts for the larger number of tons of finished product shipped than the tons produced.

The chief expenditures for capital improvements, additions and acquisitions were as follows:

- 1. Acquisition of the two-machine paper mill at Wilmington, Delaware.
- 2. A large number of machines and miscellaneous equipment was purchased for the box shops and fabricating plants, and mechanical parts were added here and there to paper mills.
- 3. Very considerable improvements were made throughout most of the operating properties to provide better facilities for employees; this included wash rooms, locker rooms, cafeterias and restaurants, improved first-aid and employment office facilities, etc. As is mentioned later in this report the average number of men and women employed in the factories has risen to a new peak, and the percentage of women has also increased sharply; for both of these reasons expanded and improved facilities were necessary.

ERRATUM

Percent of increase in consolidated net sales for 1943 over 1942 printed on first line page 14 as 12.3% should read 23.5%.

SALES

Consolidated net sales in 1943 amounted to \$61,163,685 or an increase of 12.3% over net sales of \$49,533,239 in 1942. The increase in unit volume was 4%. The ratio of net profit on sales after taxes but before war and postwar reserve was only slightly less than the 4.8% of the previous year.

Once more the Sales Research, Technical and Laboratory Research, and Art Departments were kept very busy in war development work and also in the redesign of certain essential civilian requirements. Beyond this these particular departments are also devoting some time and effort to postwar and peace time planning.

AFFILIATED AND SUBSIDIARY COMPANIES

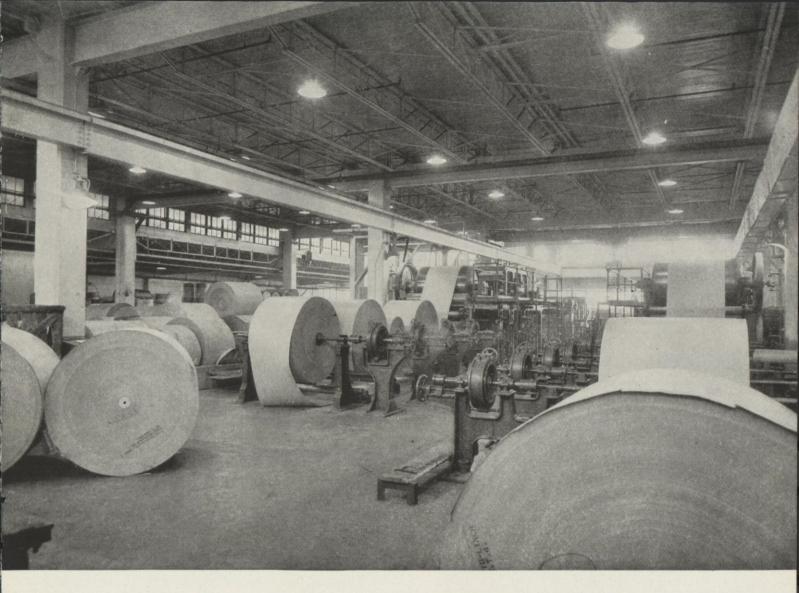
The Sefton Fibre Can Company, St. Louis, Missouri, manufacturer of paper cans with either tin or paper tops and bottoms, earned a profit of \$105,386 after all charges. A 5% dividend on the outstanding preferred stock and a 50c per share dividend on the common stock were paid.

This Company continued to operate for the Ordnance Department, on a management fee basis, a plant in Memphis, Tennessee which produced and shipped a very substantial quantity of tubes for shells to the U. S. Government. The balance sheet and profit and loss figures for Sefton Fibre Can Company are not included in the consolidated data contained in this report because Container Corporation does not own all of the outstanding capital stock of this Company.

The wholly owned subsidiary, Pioneer Paper Stock Company, continued to operate its waste paper business at a profit. As every one knows, there is a very acute shortage of waste paper, partly due to the tremendous consumption of this commodity by many types of paper mills and partly due to the fact that such a huge amount of paper containers is being shipped across the seas where the re-collection of the used containers as new raw material for domestic paper mills has presented a serious problem. There have been many waste paper collection drives all over the country, but even in spite of these efforts the shortage still remains serious and critical. It therefore remains the patriotic duty of every individual and corporation to do everything possible to see that waste paper is saved and brought back as a raw material to paper mills whose ability to fill war and essential civilian requirements depends upon the availability of an adequate supply of waste paper and pulp wood.

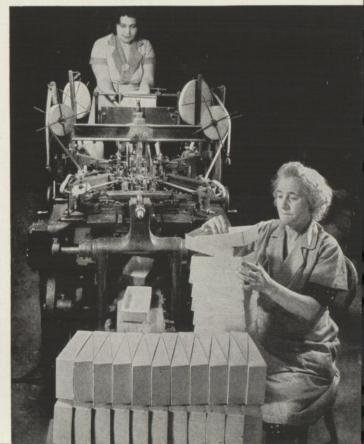
During 1943, your Company contributed about \$100,000 to the Conservation Committee of the Waste Paper Consuming Industries. A large proportion of the Paperboard Industry participated in this worthwhile effort to publicize the critical condition existing and to increase the saving and collection of waste paper. The American Newspaper Publishers' Association was extremely helpful in cooperating with the Paperboard Industry in this drive.

In addition to the above mentioned contribution, your Company also expended some \$25,000 to run its own advertisements in 123 newspapers and paid for "spot" announcements on various radio chains.



Two laminating machines in the Process Boards Department at Coated Board, Chicago. This is the new wing erected sometime ago.

Women are employed where possible. In the background, a corner taping machine for set-up box trays and covers.



WAR WORK

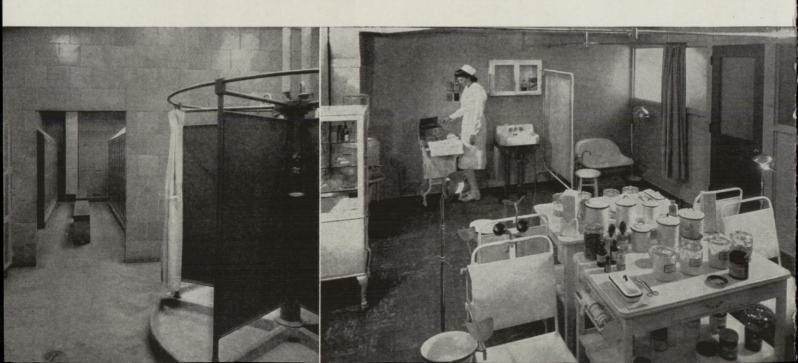
Much of your Company's capacity is now required by direct and indirect war needs. Not only the actual shells, cartridges, airplane and mechanized equipment parts, rifles, small arms, gas masks, etc., etc., must be packed in containers to insure safe delivery overseas and to domestic training camps, but also the food and clothing for soldiers, sailors and marines, the equipment of the Medical Corps, instruments for engineers, and many other essential war products must likewise be packaged and shipped in containers. Finally, the remaining capacity of the mills and box factories of your Company is strained to the maximum in order to supply the necessary packages for the essential civilian needs of the population; this again includes food and clothing containers for defense workers in addition to the average man on the street.

A renegotiation settlement for 1942 was made with the War Department (Chicago Ordnance District) and since the first of the year approved by the War Department, Price Adjustment Board in Washington. It involved an adjustment of \$108,192 after taxes. This amount was charged against earned surplus. It is indeterminable at this time what renegotiation adjustment, if any, may be required for 1943.

The workers at the Philadelphia plant were awarded an Army-Navy "E" in May, 1943, and in the fall of the year received the further honor of the six months' star for continued excellence of performance on important war work.

EMPLOYEE RELATIONS

At the end of the year approximately 6400 men and women were employed in the mills and factories of your Company. From the frontispiece you will note that about 1500 former members of the Container Family are now in military service. The percentage of women employees has now risen to 32%. A constant contact with those in uniform was maintained through the medium of the regular sending of cigarettes, factory magazines, house organs and personal letters. At Christmas time, a cash gift was sent to every former Container employee who had left the Company for military service. For the men and women now in the employ of your Company, better factory facilities have been provided as previously noted in this report. Also employee family hospitalization coverage





Cafeteria at 35th Street during Christmas.

Left—New or larger locker rooms and accommodations are being installed in all plants as rapidly as war conditions permit. First aid stations provide a vital service.



Giant, ancient monoliths of Easter Island

CONTAINER CORPORATION OF AMERICA

was added during the year to the group insurance plan. The group life, accident and sickness, surgical care and hospitalization insurance continued in full force.

RETIREMENT ANNUITY PLAN. Well over 80% of all eligible men and women employed in your Company participate in the retirement annuity plan. In 1943 the employees as a group and your Company each provided \$188,412; contributions by and on account of the executive officers aggregated 5.8%, while 94.2% was contributed by and on account of all other employees. Your Company's 1943 payment on account of past service annuities amounted to \$112,200; in accordance with provision of the retirement annuity plan these annuities become payable only upon retirement. During the year the Equitable Life Assurance Society purchased annuities for the benefit of those older employees who first approached the retirement age; of the total amount of annuities purchased 96.3% this year applied to employees in general and 3.7% to executive officers.

MANAGEMENT PROFIT SHARING PLAN

In 1940 the shareholders at their annual meeting approved a management profit sharing plan. While under this plan for the year of 1943 \$1,356,598 would have been payable, the nonparticipating directors charged with the final determination of the profit sharing fund ruled that, under the unusual conditions now prevailing, the amount to be distributed be limited to \$287,650, compared with \$267,750 in the preceding year. Profits for 1943 before war and postwar reserve were \$1,802,306 higher than for the preceding year before taxes and \$482,306 after taxes. The nonparticipating directors allocated the fund for 1943 as follows: 17.4% to the president, 41.7% to the four vice-presidents, 40.9% to fifty-eight other employees including the treasurer and secretary.

ORGANIZATION

During 1943 there were no changes made in your Company's officers or their respective responsibilities. The Board of Directors again wishes to record its appreciation for the conscientious and intelligent cooperation of all members of the organization.

Submitted on behalf of the Board of Directors.

Respectfully,

Value 1 sepetz

President

CONTAINER CORPORATION OF AMERICA AND

CONSOLIDATED YEAR-END BALANCE SHEETS FOR TWELVE YEAR

ASSETS

	1943	1942	1941	1940	1939
Cash in banks and on hand	\$ 1,649,835 447,061 2,913,481	\$ 1,216,063 285,870 2,380,611	\$ 1,249,665 3,108,880	\$ 2,456,532	\$ 1,044,918
Total current assets	3,481,416	3,199,667	4,340,712	3,410,931	3,644,189
Postwar excess profits tax refund	\$ 8,491,793 1,060,834	\$ 7,082,211	\$ 8,699,257	\$ 7,836,469	\$ 6,592,559
Other receivables and investments	76,143	135,134	367,664	802,253	1,561,736
Land Buildings, machinery and equipment Reserve for depreciation Deferred charges.	3,569,681 26,972,366 14,573,515 446,918	3,583,906 26,361,566 13,269,224 283,175	3,599,118 25,864,025 11,952,714 227,151	3,4 ⁹ 5,447 25,096,655 10,992,835 187,062	3,463,005 24,051,950 9,897,678 338,039
Good will and patents	I	I	I	107,002	330,039 I
	\$26,044,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612
LIABILITIES					
Accounts payable	\$ 849,217 1,256,587 —*	\$ 1,154,353 1,048,981 —*	\$ 1,321,396 1,118,470 360,070*	\$ 345,977 832,830 1,186,977	\$ 820,005 516,978 296,000 250,000
Total current liabilities	\$ 2,105,804	\$ 2,203,334	\$ 2,799,936 2,900,000	\$ 2,365,784 4,100,000	\$ 1,882,983 5,126,000
in dispute	700,000	=	=	Ξ	=
Capital stock	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060
Class A common stock	_			_	_
Capital surplus. Earned surplus.	671,494 6,941,863	671,494 6,037,881	671,494 4,808,012	671,494 3,652,714	671,494 2,804,075
	\$26,044,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612
Working capital	\$ 6,385,989 4.03 to 1	\$ 4,878,877 3.21 to 1	\$ 5,899,321 3.11 to 1	\$ 5,470,685 3.31 to 1	\$ 4,709,576 3.50 to 1
Book value per share	\$ 29.74	\$ 28.59	\$ 27.01	\$ 25.53	
Note—Italics denote red figures. *Provision for Federal income and excess profit taxes Less Treasury notes—tax series	\$9,068,820 9,068,820	\$6,878,426 6,878,426	\$4,564,790 4,204,720		
		_	\$ 360,070		

SUBSIDIARY COMPANIES

PERIOD ENDED DECEMBER 31, 1943

THE RESERVE OF THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER.				The state of the s		
1938	1937	1936	1935	1934	1933	1932
\$ 1,031,969	\$ 1,650,344	\$ 1,147,362	\$ 1,131,576	\$ 820,912	\$ 439,616	\$ 1,027,685
1,474,683 2,859,950	1,133,116 3,143,426	1,625,631	1,155,580 2,896,060	1,146,099 2,489,422	1,161,913 2,622,308	804,972
\$ 5,366,602	\$ 5,926,886	\$ 5,673,732	\$ 5,183,216	\$ 4,456,433	\$ 4,223,837	\$ 3,089,689
, 3,300,001	¥ J,920,000	\$ 3,°73,73~	<i>y</i> 3,103,210	¥ 4,43°,433	4,223,037	\$ 5,009,009
1,487,517	1,848,555	149,754	90,563	136,840 93,750	195,079 93,750	40,475 93,750
3,450,285 23,452,635 8,922,908	3,192,264 22,720,891 7,763,149	3,237,069 21,872,009 7,738,39 7	3,237,069 21,143,364 6,760,214	3,219,640 20,172,812 5,789,049	3,219,640 18,795,010 5,084,545	3,251,857 19,734,390 4,949,959
387,994 1	385,583 1	438,647	433,644 I	487,155 I	622,916 I	591,908
\$25,222,126	\$26,311,031	\$23,632,815	\$23,327,643	\$22,777,582	\$22,065,688	\$21,852,111
\$ 446,525	\$ 363,451 434,276	\$ 1,305,003 415,636	\$ 758,558 329,066	\$ 988,356	\$ 985,431	\$ 340,754
392,440 34,200 128,000	528,000 115,000	255,000 154,000	217,500 250,000	304,602 195,000 201,500	327,794 — 14,000	279,899
\$ 1,001,165	\$ 1,440,727	\$ 2,129,639	\$ 1,555,124	\$ 1,689,458	\$ 1,327,225	\$ 634,653
5,945,500	6,472,000	6,980,500	7,736,360	7,783,500	8,239,000	8,666,000
500,000				_	_	
	449,114	434,114	417,614	81,622	86,122	86,122
15,625,060	15,625,060	13,070,800	13,070,800			
15,025,000	15,025,000	13,070,000	13,070,000	1,206,600	1,575,300	1,832,200
_	_	_	_	7,471,100	7,471,100	7,471,100
_			_	2,890,945	2,890,945	2,890,945
671,494	383,139	_	_	1,922,499	1,658,285	1,460,811
1,478,907	1,940,991	1,017,762	547,745	268,142	1,182,289	1,189,720
\$25,222,126	\$26,311,031	\$23,632,815	\$23,327,643	\$22,777,582	\$22,065,688	\$21,852,111
\$ 4,365,437	\$ 4,486,159	\$ 3,544,093	\$ 3,628,092	\$ 2,766,975	\$ 2,896,612	\$ 2,455,036
5.36 to 1	4.11 to 1	2.66 to 1	3.33 to 1	2.64 to 1	3.18 to 1	4.87 to 1
\$ 22.75	\$ 22.97	\$ 21.56	\$ 20.84	Various cla reclassified i	sses of outstanding nto present capitals	stock were tock in 1935.

CONTAINER CORPORATION OF AMERICA AND

CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR TWELVE

	1943	1942	1941	1940	1939
Net sales.	\$61,163,685	\$49,533,239	\$46,714,221	\$30,464,677	\$24,114,815
Cost of sales (exclusive of depreciation)	46,206,565	36,668,926	35,548,267	23,339,894	19,172,531
Gross profit (exclusive of depreciation)	\$14,957,120	\$12,864,313	\$11,165,954	\$ 7,124,783	\$ 4,942,284
Provision for depreciation	1,421,460	1,411,499	1,307,975	1,241,246	1,180,417
Gross profit from operations	\$13,535,660	\$11,452,814	\$ 9,857,979	\$ 5,883,537	\$ 3,761,867
Selling, administrative and general expenses (exclusive of bad debts)	3,412,501	3,016,086	2,953,587	2,361,345	1,690,557
Profit from operations (exclusive of bad debts)	\$10,123,159	\$ 8,436,728	\$ 6,904,392	\$ 3,522,192	\$ 2,071,310
Other income and charges—net	260,895	181,652	69,679	113,030	36,237
Profit before interest and Federal income taxes	\$10,384,054	\$ 8,618,380	\$ 6,834,713	\$ 3,635,222	\$ 2,107,547
Interest charges, etc	_	36,632	92,536	220,540	365,604
Profit before Federal income taxes	\$10,384,054	\$ 8,581,748	\$ 6,742,177	\$ 3,414,682	\$ 1,741,943
Provision for Federal income taxes	7,500,000	6,180,000	4,415,000	1,187,000	293,043
Net profit for year	\$ 2,884,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900
Appropriation for war and postwar reserve	700,000	_	_	_	_
Balance carried to earned surplus	\$ 2,184,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900
Earnings per share	\$ 2.80	\$ 3.07	\$ 2.98	\$ 2.85	\$ 1.85
Note—Italics denote red figures.				10	

RECORD OF DIVIDENDS AND INTEREST ON FUNDED DEBT PAID FOR TWELVE YEAR PERIOD JANUARY 1, 1932

Dividends paid: Preferred stocks	_	_	_	_	_
Common stocks	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313
Total dividends	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313
*Interest paid on funded debt		\$ 37,031	\$ 91,234	\$ 207,677	\$ 310,900
Total dividends and interest	\$ 1,171,879	\$ 1,208,910	\$ 1,263,113	\$ 1,379,556	\$ 506,213

^{*}On basis of cash payments made. This differs slightly from accrual basis used on profit and loss statement.

SUBSIDIARY COMPANIES

YEAR PERIOD ENDED DECEMBER 31, 1943

1938 \$18,705,290 15,295,294	1937 \$25,268,327 19,201,297	1936 \$22,525,268 17,466,001	1935 \$20,181,777 15,356,939	\$18,316,508 14,136,407	\$15,419,759 12,819,457	1932 \$11,457,966 10,292,552	Total \$343,865,532 265,504,130
\$ 3,409,996	\$ 6,067,030	\$ 5,059,267	\$ 4,824,838 1,152,590	\$ 4,180,101	\$ 2,600,302	\$ 1,165,414 806,467	\$78,361,402 13,947,468
\$ 2,148,885	\$ 4,850,230	\$ 3,886,533	\$ 3,672,248	\$ 3,195,939	\$ 1,809,295	\$ 358,947	\$64,413,934
1,748,504	2,027,711	1,791,599	1,575,614	1,375,624	1,096,807	1,188,528	24,238,463
\$ 400,381 75,930	\$ 2,822,519 71,770	\$ 2,094,934 89,054	\$ 2,096,634	\$ 1,820,315 21,278	\$ 712,488 55,468	\$ 829,581 14,897	\$40,175,471
\$ 476,311 412,641	\$ 2,750,749 438,644	\$ 2,005,880 463,938	\$ 1,953,025 497,516	\$ 1,799,037 491,326	\$ 657,020 516,099	\$ 844,478 535,885	\$40,377,460 4,071,361
\$ 63,670 34,200	\$ 2,312,105	\$ 1,541,942 255,000	\$ 1,455,509 217,500	\$ 1,307,711	\$ 140,921	\$ 1,380,363	\$36,306,099
\$ 29,470	\$ 1,784,105	\$ 1,286,942 —	\$ 1,238,009	\$ 1,112,711 —	\$ 140,921 —	\$ 1,380,363 —	\$15,501,356 700,000
\$ 29,470	\$ 1,784,105	\$ 1,286,942	\$ 1,238,009	\$ 1,112,711	\$ 140,921	\$ 1,380,363	\$14,801,356
\$.04	\$ 2.28	\$ 1.97	\$ 1.89		es of outstandir to present capita		

TO DECEMBER 31, 1943

_		_	\$ 422,310	_	_	_	\$ 422,310
\$ 234,376	\$ 860,876	\$ 816,925		_	_	_	6,795,006
\$ 234,376	\$ 860,876	\$ 816,925	\$ 422,310		_	_	\$ 7,217,316
\$ 346,005	\$ 374,340	\$ 422,459	\$ 438,871	\$ 438,170	\$ 458,685	\$ 478,270	\$ 3,603,642
\$ 580,381	\$ 1,235,216	\$ 1,239,384	\$ 861,181	\$ 438,170	\$ 458,685	\$ 478,270	\$10,820,958

FIVE-YEAR COMPARISONS 1939-1943

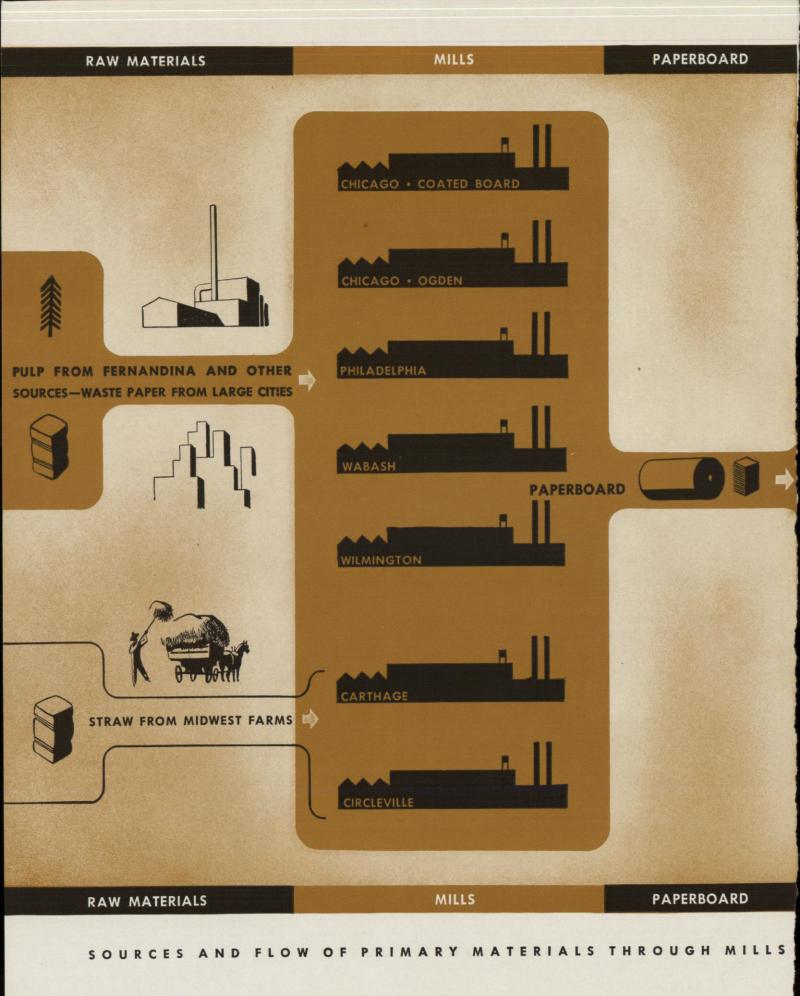
	1939	1940	1941	1942	1943
NUMBER OF EMPLOYEES (AT 12/31)	3,827	4,419	6,295	5,627	6,428
TONS SHIPPED	462,385	504,507	627,292	575,856	598,918
NET PROFIT	\$1,448,900	\$2,227,682	\$2,327,177	\$2,401,748	\$2,184,054
DIVIDENDS AND INTEREST PAID	\$506,213	\$1,379,556	\$1,263,113	\$1,208,910	\$1,171,879
TAXES	\$784,372	\$1,775,287	\$5,210,021	\$6,953,984	\$8,356,871
PER CENT OF PROFIT ON INVESTED CAPITAL	7.86%	11.41%	11.34%	11.06%	9.58%
INVESTED CAPITAL PER EMPLOYEE	\$ 4,818	\$ 4,418	\$ 3,261	\$ 3,860	\$ 3,545
INCREASE IN SURPLUS	\$1,325,168	\$848,639	\$1,155,298	\$1,229,869	\$903,983

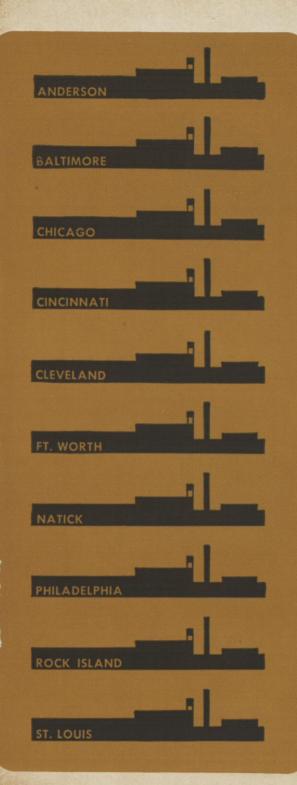


Studio of the Art Department at 35th Street, Chicago. Sketches and finished working drawings for cartons are made here.

Folding carton printed in four colors. Its contents are typical of many new products going to market in paperboard packages.









FOLDING CARTONS



CORRUGATED CONTAINERS



SOLID FIBRE CONTAINERS





FOOD PAILS





FIBRE CANS

Airplane Parts Airplane Models Ammunition **Automotive Parts Bakery Goods** Beer **Belt Links Bomb Parts** Book Binders,

Publishers, Printers **Boots and Shoes** Building Materials,

Supplies and **Fixtures** Canned Foods

Caps and Closures Caskets and Vaults Cereal Products China, Pottery and

Glass Tableware Clothing

Coffee, Tea,

Cocoa and Spices

Confectionery and Nuts Cots

Chemicals and

Naval Stores **Dairy Products Dehydrated Foods Dynamite**

Fruits and Vegetables Textiles **Furniture**

Gas Masks Glass Products Hardware and Tools

Fuses

Helmets

Linens and Domestics Liquor and Wine

Luggage Machines and

Machine Parts Matches Mattresses and

Springs Meat Packing

Notions

Paint and Varnish Paper Mill Products Petroleum Products

Pharmaceuticals, Cosmetics and Druggist Prep-

arations Photographic

Apparatus and Supplies

Rations Rifles

Rubber Goods Sanitary Ware and Plumbers Supplies

Soaps and Cleansers

Soft Drinks Sporting Goods

Stoves and Accessories Sugar (Beet and

Cane) T. N. T.

Tobacco Products Toys and Games Vegetable Oil

Products Wholesale and Retail

Establishments

FACTORIES

PRODUCTS

USES

CONTAINER CORPORATION OF AMERICA

CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:		
Cash in banks and on hand		\$ 1,649,834.66
United States Treasury notes and war bonds, at cost plus accrued		
interest		447,061.26
Accounts and notes receivable from customers	\$ 3,006,016.24	
Less—Reserve for doubtful receivables	153,535.70	2,852,480.54
Other accounts receivable		61,000.71
Inventories of finished goods, work in process, raw materials and		
supplies—priced at the lower of cost or market		3,481,415.79
Total current assets		\$ 8,491,792.96
Other Receivables and Investments:		
Postwar refund of Federal excess profits tax	\$ 1,060,833.80	,
Other receivables and investments, at cost	76,143.64	1,136,977.44
PLANT AND EQUIPMENT—stated at amounts (based in part on ap-		
praisals) recorded at dates of acquisition of properties (including		
properties acquired for capital stock), plus subsequent additions at		
cost, less reserves for depreciation:	0 6 60 0	
Land	\$ 3,569,680.85	
Buildings \$ 7,456,628.92		
Machinery, equipment, etc		
Leasehold and leasehold improvements 4,445,344.30		
\$26,972,366.51		
Less—Reserves for depreciation 14,573,515.45	12,398,851.06	
Prepaid Insurance, etc		446,918.58
GOODWILL AND PATENTS		1.00
		\$26.011.000.00
		\$26,044,221.89

AND SUBSIDIARY COMPANIES

-DECEMBER 31, 1943

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable		\$ 849.217.26
Accrued liabilities—		\$ 849,217.26
Salaries, wages and profit sharing provision	\$ 598,057.56	
Taxes, other than Federal income taxes	512,384.87	
Other	146,144.73	1,256,587.16
	140,144.73	1,230,307.10
Described Co. E. L. L.		
Provision for Federal taxes on income	\$ 9,068,820.24	
Less—United States Treasury Notes, tax series, to be applied in		
payment thereof	9,068,820.24	
Total current liabilities		\$ 2,105,804.42
CAPITAL STOCK AND SURPLUS:		
Capital stock—		
Authorized 1,000,000 shares of \$20 par value each		
Outstanding 781,253 shares	\$15,625,060.00	
Paid-in surplus (no change during year)	671,494.30	
Earned surplus (see accompanying summary)	6,941,863.17	23,238,417.47
	-317-3-7	-3,-3-,1-1-11

\$26,044,221.89

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1943

PROFIT AND LOSS		
Net Sales		\$61,163,684.70
Cost of Sales (exclusive of depreciation)	46,206,564.85	
Provision for Depreciation (including \$38,965.16 of depletion)	1,421,459.64	47,628,024.49
Gross profit from operations		\$13,535,660.21
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES		3,412,500.82
Profit from operations		\$10,123,159.39
Purchase Discounts, Interest Earned, Etc. (net)		260,895.11
Balance before provision for Federal taxes on income		\$10,384,054.50
Provision for Federal Taxes on Income:		
Declared value excess profits tax\$	100,000.00	
Normal tax and surtax	740,000.00	
Excess profits tax (less credit of \$740,000.00 for postwar refund)	6,660,000.00	7,500,000.00
Net profit for year		\$ 2,884,054.50
Appropriation for War and Postwar Reserve		700,000.00
Balance carried to earned surplus		\$ 2,184,054.50
EARNED SURPLUS		
Balance December 31, 1942		\$ 6,037,880.54
Add—Balance of profit for year, as above		2,184,054.50
		\$ 8,221,935.04
Deduct: Cash dividends paid (\$1.50 per share) \$	1.171.870.50	
		1,280,071.87
Settlement of renegotiation of war contracts for 1942 (Note 2)	100,192.37	\$ 6,941,863.17
Balance December 31, 1943		ψ 0,941,003.17

NOTES:

- (1) The company has filed or will file claims for relief from a portion of its excess-profits tax for the years ended December 31, 1940, 1941, 1942 and 1943 under Section 722 of the Internal Revenue Code. The effect of such claims has not been reflected in the accompanying financial statements, nor has any consideration been given thereto in determining the provision for Federal taxes on income for the current year.
- (2) The company has concluded a settlement with respect to renegotiation of war contracts for the year ended December 31, 1942. The effect, if any, which renegotiation proceedings may have upon the net profit for the year ended December 31, 1943 is not expected to be relatively significant.

ARTHUR ANDERSEN & Co.

120 SOUTH LA SALLE STREET
CHICAGO

To the Stockholders of

Container Corporation of America:

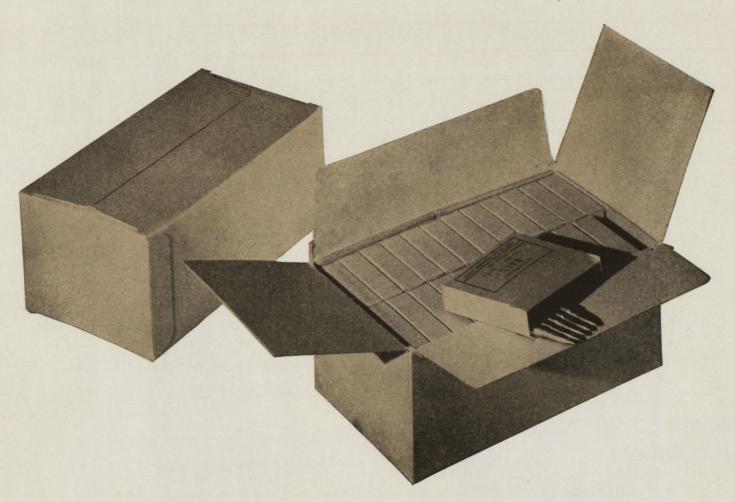
We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA and subsidiaries as of December 31, 1943, and the summaries of consolidated profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and surplus present fairly the position of the companies at December 31, 1943, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

arthur andus To.

Chicago, Illinois,

February 4, 1944.



Small Arms Ammunition

